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June 6, 2016

Mr. Tom Wheeler  
Chairman  
Federal Communications Commission  
445 12th Street SW  
Washington, DC 20554

RE: CG Docket No. 02-278

Dear Chairman Wheeler:

Thank you for the opportunity to comment on the notice of proposed rulemaking (NPRM) on the implementation of the Telephone Consumer Protection Act as required by the Bipartisan Budget Act of 2015. This proposed rule represents an important opportunity for student borrowers to receive information on the best federal student loan repayment plan that meets their needs, to reinforce high-quality servicing and collection for student loans, and ultimately to reduce student loan delinquencies and defaults.

UNCF has over 70 years of experience helping low-income, African-American students progress to and through college by means of scholarship and programmatic support. UNCF advocates on their behalf as well as our 37 member private historically black colleges and universities (HBCUs).

UNCF supports an underlying purpose of the proposed rule to expand the ability of student loan servicers to use auto dialer technology to collect federal student loan debt. Student loan debt, and the ability to repay this debt, is a serious problem for African Americans. Because African Americans have fewer financial resources, they borrow at higher rates, and in greater amounts, than white Americans to attend college. In 2012, of those who borrowed, 32 percent of African-American students with bachelor's degrees had a cumulative loan debt in excess of \$40,000, compared to only 17 percent of Hispanic students, 16 percent of white students and 7 percent of Asian students. (The College Board, Trends in Student Aid, 2015) With this high amount of education debt, labor market discrimination and other factors, African-American borrowers are more likely to default on student loans than their peers. (The Student Loan Debt Trap, National Consumer Law Center, 2012).

Too many federal student loan borrowers are hampered in paying their loan debt because they must navigate a confusing array of over ten repayment options that they do not understand or they simply are not aware of these options. Despite the availability of several income-driven student loan repayment plans (e.g., Revised Pay as You Earn, Pay As You Earn, Income-Based Repayment, Income-Contingent Repayment), a relatively small proportion of student borrowers are taking advantage of these plans.

For these reasons, we recommend that the Federal Communications Commission (FCC) permit the use of auto dialer technology to be used by loan servicers to contact borrowers to advise them of their repayment options, even if their loans are in good repayment status. As income-driven repayment options are severely underutilized by borrowers, maximizing the ability of loan servicers to make early contact with borrowers to provide information on repayment options before delinquency is paramount. Further, income-driven repayment plans require annual recertification of income. This requirement can cause borrowers who initially enrolled in these plans but are not aware of the recertification requirement to revert back to a less favorable repayment plan. Auto dialer technology could be useful in reaching borrowers to ensure they are in a repayment plan that is the best fit and meet annual participation requirements.

We also want to note, however, that serious questions have arisen over the effectiveness of some federal student loan servicing contractors in providing student borrowers with access to accurate information about their loan repayment and rehabilitation options. In its *Annual Report of the CFPB Student Loan Ombudsman in October 2015*, the Consumer Financial Protection Bureau reported that borrowers have complained of being unable to locate information and receiving incorrect information about repayment options from their loan servicers. Additionally, this report found that processing and other delays have hampered student access to repayment plans. Further, the Government Accountability Office (GAO) found in November 2015 (GAO-16-196T) that ED provided insufficient guidance to student loan servicers on how to administer certain servicing options, also undermining the ability of student borrowers to enroll in and take advantage of income-driven repayment and loan rehabilitation.

ED has proposed to restructure its student loan servicing process and plans to change the performance metrics used to assess contractors selected for this work. Additionally, ED continues to examine its contracting structure with loan collection entities that deal with defaulted student loans. We are hopeful that these two processes will provide greater access to the right repayment options for more student borrowers.

While we welcome these improvements in ED's federal student loan servicing and collection oversight, UNCF recommends that the new authority proposed in this regulation further incentivize loan servicers and collection contractors to have effective communication with borrowers that provides them with the best information regarding repayment options. We view the ability to efficiently contact student borrowers via their mobile phones through auto dialers as a useful tool for loan servicers. Nonetheless, in our view, this new authority should be provided only to servicing and collection entities that are meeting student needs.

UNCF proposes that the FCC work with ED to require federal student loan contractors seeking to use auto dialer technology to reach student loan borrowers via their mobile phones to recertify their performance with the FCC every year, based on performance metrics developed by ED and provided to the FCC. These performance metrics should be used to assess on an entity-by-entity basis whether continued authority to use auto dialer technology is warranted. If a loan contractor is performing well, then it should be able to continue to utilize auto dialer technology to reach student borrowers. However, entities that have poor performance in ensuring student borrower access to available loan repayment and rehabilitation options should not be permitted to use auto dialer technology.

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Coupled with tying usage of auto dialer technology to performance, we strongly recommend that the overall performance of federal student loan contractors be made publicly available. We recommend that the FCC, as part of the recertification process we suggest, increase transparency on all aspects of loan servicing and collection performance.

The use of auto dialer technology to reach student borrowers represents an important new tool to reduce student loan delinquencies and defaults. However, this tool should only be provided to federal student loan contractors that are utilizing it to provide good service to borrowers and assist them to make timely loan repayments.

Thank you for your consideration of our views. Should you have any questions, feel free to contact Cheryl L. Smith, Senior Vice President, Public Policy and Government Affairs at [cheryl.smith@uncf.org](mailto:cheryl.smith@uncf.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael L. Lomax". The signature is fluid and cursive, with the first name "Michael" and last name "Lomax" being clearly legible.

Michael L. Lomax, Ph.D.  
President and CEO  
UNCF